

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7447**

**BILL NUMBER:** HB 1284

**NOTE PREPARED:** Jan 4, 2005

**BILL AMENDED:**

**SUBJECT:** Discount Medical Program Organizations.

**FIRST AUTHOR:** Rep. Frizzell

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides for licensure of a discount medical program organization. The bill specifies requirements for licensure.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** The Department of Insurance (DOI) would oversee the licensure of discount medical programs. Although the number of discount medical program organizations that would require licensure is not known, if a significant number apply for licensure, the DOI would need an additional COMOT II to implement the program. Total additional staffing costs are estimated at \$37,345, which includes fringe benefits and indirect costs. The source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The DOI may also adopt rules to implement the program. The DOI should be able to absorb costs associated with rule-making given its current level of budget and resources.

**Explanation of State Revenues:** The fee for issuance of a license is \$500, with a \$250 fee for annual renewals. License fees are deposited in the state General Fund.

The bill also provides for penalty fees of \$250 per day for the first 10 days for failure to file a timely annual report, with a \$500 fine for every day thereafter. Fines would also be deposited in the state General Fund.

*Penalty Provision.* Violators commit a Class B misdemeanor. If additional court cases occur and fines are

collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

**Explanation of Local Expenditures:** A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

**Explanation of Local Revenues:** If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** DOI.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Amy Strati, Acting Commissioner, DOI, 232-2404.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.